

EXHIBIT 1

EXHIBIT 1

1 UNITED STATES BANKRUPTCY COURT

2 DISTRICT OF NEVADA

3 LAS VEGAS, NEVADA

4 In re: HORIZON RIDGE MEDICAL) E-Filed: 10/08/13
5 AND CORPORATE CENTER, LLC,)
6 Debtor.) Case No.
BK-S-12-13906-LBR
Chapter 11

7
8
9
10
11 TRANSCRIPT OF PROCEEDINGS
12 OF
13 HEARING RE: MOTIONS
14 VOLUME 1
15 A.M. SESSION
16 BEFORE THE HONORABLE LLOYD KING
17 UNITED STATES BANKRUPTCY JUDGE

18
19 Tuesday, September 17, 2013

20 9:30 a.m.

21 A.M. SESSION
22

23 Court Recorder: Deborah Hemstreet

24 Proceedings recorded by electronic sound recording;
25 transcript produced by transcription service.

1 APPEARANCES:

2 For the Debtor: TERESA M. PILATOWICZ, ESQ.
3 TALITHA B. GRAY KOZLOWSKI, ESQ.
4 Gordon Silver
5 3960 Howard Hughes Parkway
6 Ninth Floor
7 Las Vegas, Nevada 89169

8 For Bank of America, JOHN R. WEISS, ESQ.
9 N.A.: Duane Morris, LLP
10 190 South LaSalle Street
11 Suite 3700
12 Chicago, Illinois 60603
13
14
15
16
17
18
19
20
21
22
23
24
25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I N D E X

Witness	Direct	Cross	Red.	Rec.	Voir Dire
DR. RICK ABELSON					
(By Ms. Kozlowski)	10		97,113		
(By Mr. Weiss)		47		109	

1 Q. So your guarantee that you're personally on the hook
2 for stays irrespective of whether the plan is confirmed.

3 A. Yes. It's the same.

4 Q. Okay. And that guarantee is in favor of the secured
5 lender and protects the secured lender, correct?

6 A. Correct.

7 Q. How does the plan treat the Class 4 general
8 unsecured creditors?

9 A. It's going to be paid 3,000 on the 60th day and
10 another 3,000 on the 90th, and the remaining on the
11 180th day.

12 Q. And what is the total amount of the Class 4 claims?

13 A. About 9,000.

14 Q. Okay. And why aren't they being paid on the
15 effective date?

16 A. Because we have administrative costs that needs to
17 be paid which is around 150 to 175,000. We're not sure
18 yet.

19 And we also have -- we want to leave a little bit of
20 cushion for operation.

21 The building needs a -- a minor TLCs that we will
22 need to take care of like striping the parking lot,
23 painting some of the hallways, and -- and basically
24 that's what it's for.

25 But we will definitely have enough funds to take

1 Let's talk about the property specifically. You've
2 indicated the broker's been showing the property.

3 Have there been any new leases in the last few
4 months?

5 A. Yes. We have a lease for Suite 201G, and we also
6 have a new lease for five years for Suite 205, and --
7 and -- and we have also a lease that I terminated.

8 Well, it -- it was expiring on July. It was a
9 five-year lease for Associates of Women's Health (sic),
10 Dr. Nancy Long, Suite 105.

11 She was having a hard time operating her medical
12 suite. She's an OB/GYN, a very sweet lady, but -- but
13 she was -- as the term Mr. Weiss used -- spotty.

14 So she pays and doesn't pay. We've worked with her
15 two different times, lowered her rates, helped her out.

16 All the payments that were past due we put them on
17 the side with a -- you know, interest free so she can
18 pay it as a note, but -- but she was always late. She
19 was always behind two, three months.

20 So there's the time whether there's a confirmation
21 hearing or not. This is a business decision. I know
22 Mr. Weiss is going to jump all over this, too.

23 That because I got rid of her, I didn't want to
24 update or -- or extend her lease any more because of her
25 past history with us and because she's telling us she

1 doesn't have any money to pay.

2 So I decided to go ahead and terminate the lease and
3 find a tenant who will sit in that suite and pay because
4 that is -- as the broker said, it's the sweetest suite
5 because it's the prime suite as soon as you enter the
6 building. It's on the left-hand side, first floor, and
7 it is already medical use.

8 So in August I cleaned up the space. I spent some
9 money on it, and we're just listing it about the last
10 like ten days.

11 And we've already had three different showings. One
12 is an opthalmopathy group. One is a cardiologist and a
13 pediatric group already.

14 So --

15 Q. Okay. If you --

16 A. So according -- according to our broker, he strongly
17 believes that he will get a lease in the next 60 days or
18 an LOI at least in the next 60 days.

19 MR. WEISS: Objection, your Honor.

20 MS. KOZLOWSKI: Okay.

21 MR. WEISS: Move to strike that last piece on
22 grounds of hearsay.

23 THE COURT: The objection is sustained.

24 BY MS. KOZLOWSKI:

25 Q. So let's step back for --

1 quite a bit.

2 And in general we're -- we're -- we've been seeing a
3 very good positive flow into the building from
4 prospective tenants.

5 So we only have one empty space that just got empty,
6 and we just cleaned it up last month. So as soon as we
7 lease that, we'll be pretty much fully leased.

8 Q. Okay.

9 A. That's why.

10 Q. So there's only one remaining space to lease to --

11 A. That is correct.

12 Q. As of today. Okay.

13 And can I have you turn to Exhibit 9, please.

14 A. Where would that be?

15 Q. Can you turn to -- I'm sorry -- Exhibit 9.

16 A. I don't have anything in front of me, Talitha. I'm
17 sorry.

18 Q. Exhibit 9 in Binder 1.

19 A. Okay. Okay.

20 Q. Okay. And do you see the page that says first floor
21 plan?

22 A. Yes.

23 Q. Okay. And what I'd like to do is sort of just walk
24 through so you can give me an indication of the tenancy
25 and how long they've been there.

1 Suite 100, who leases that space?

2 A. Suite 100 and Suite 101 is Dr. Lee who has been with
3 us from 2001.

4 And he has always been a great tenant, always paid
5 on time, never been late, and he's the one who we had to
6 renew his lease two five-year terms.

7 Suite 102 is Salon Triage, and they were a subtenant
8 under Dr. Lee for many years, but now they became a
9 tenant on their own. They -- you know, they're very
10 busy.

11 Q. And so they've been -- and they have been a
12 tenant --

13 A. Prior.

14 Q. Okay. So how long have they had a lease with
15 Horizon Ridge?

16 A. Salon Triage, for about four or five -- five years.

17 Q. Okay. And Suite 103?

18 A. Suite 103 is Madame Et Monsieur, and they -- they've
19 been with us for about six years now or seven years.

20 Q. And Suite 104?

21 A. Suite 104 is a chiropractor group, and it's --
22 it's -- they've been with us -- they came in new in
23 2011, and they signed a three year with a three year
24 and -- extension.

25 And they already said that they are -- they're not

1 going anywhere because they're getting established.

2 Q. So you believe that they will renew again at the end
3 of their three-year lease?

4 A. They already said that.

5 Q. Okay. And Suite 105 was the
6 Associates for Women's Health; is that correct?

7 A. That is correct.

8 That was an OB/GYN suite, and it's right at the
9 entrance. It's similar to Dr. Lee's suite but a little
10 smaller, but it's -- it's one of the best suites we have
11 right now, yeah.

12 Q. And I --

13 A. And that's the only one vacant.

14 Q. And I believe you have indicated that while
15 Associates for Women's Health was there you had other
16 tenants -- or excuse me -- other interested parties in
17 leasing that space, but you weren't able to release it
18 because it was occupied?

19 A. We've -- our broker already mentioned a couple of
20 different times that he would have had a great tenant
21 for this suite if it was vacant in the past.

22 MR. WEISS: Objection, your Honor. Move to
23 strike. This is hearsay.

24 THE WITNESS: That's what happened.

25 THE COURT: The motion is granted.

1 BY MS. KOZLOWSKI:

2 Q. How long has Suite 105 been listed?

3 A. Maybe two weeks.

4 Q. And have there been any interested parties? Has
5 anyone toured it, inspected it?

6 A. Yes. Like I mentioned, there's three different
7 parties who have already toured the suite -- a
8 cardiology group, a pediatric group, and one was a --
9 a -- cardiology, pediatric -- I'm sorry. I forgot.

10 Q. Okay.

11 A. Sorry about that.

12 Q. But another medical group?

13 A. Yes. It was all medical. This is definitely a
14 medical suite. Yes.

15 We -- we had to spend a little bit of money on
16 cleaning it up because the people when they left --
17 Dr. Long wanted to renew, and she was a little upset for
18 not renewing her lease, but because she wasn't paying,
19 we -- we couldn't.

20 Her moving company pretty much ripped up a lot of
21 the stuff off the walls without being nice, so --

22 THE COURT: Excuse me, Dr. Abelson.

23 Will you please limit your answers to the question
24 that is asked.

25 THE WITNESS: Sure.

1 THE COURT: That's why we're getting all the
2 objections because --

3 THE WITNESS: Gotcha.

4 THE COURT: -- you're going on --

5 THE WITNESS: I didn't know. Okay.

6 THE COURT: -- and volunteering other
7 information.

8 THE WITNESS: I don't know. Thank you.

9 I was wondering, too. That's why. Thank you.

10 So the suite has been cleaned up already, yes, and
11 it's ready.

12 BY MS. KOZLOWSKI:

13 Q. Who --

14 A. It took some time.

15 Q. What was the cost of those improvements?

16 A. To clean the suite up?

17 Q. Yes.

18 A. It was about \$8,000.

19 Q. And who paid for those improvements -- the clean up?

20 A. I did.

21 Q. Okay. And have there been any other tenant
22 improvements that you've paid for since the debtor has
23 been in bankruptcy?

24 A. Yes.

25 Q. And what's the total amount of those?

1 A. About \$15,000.

2 Q. Okay. If you'd flip to the next page, the second
3 floor of the building.

4 A. Um-h'm.

5 Q. Do you see that? And who occupies suite 200?

6 A. Dr. Paturi (phonetic). He is a -- he came in new.
7 It was a pediatric group before him.

8 And so he came in new and signed a lease for three
9 years.

10 Q. And --

11 A. With an extra three years also.

12 Q. With a three-year renewal?

13 A. Correct.

14 Q. And who's the tenant in Suite A?

15 A. Dr. Silvani (phonetic).

16 Q. And how long has Dr. Silvani been with you?

17 A. For eight years, seven or eight years.

18 Q. And Suite C?

19 A. Suite C, D, and B are all the same tenant, Nathco,
20 and he has been with us since the beginning of the
21 building, 13 years.

22 Q. And Suite F.

23 A. Suite F is Key Search, and they've been with us for
24 about seven or eight years.

25 Q. And G is the leasing and management. And Suite H.

1 A. XIM Technology (phonetic).

2 Q. And how long --

3 A. They signed a one-year lease just recently, a month
4 ago.

5 Q. And that's the mini suite we have been discussing
6 that just signed a new lease; is that correct?

7 A. Yes. That's part of C, D, and E.

8 Q. Okay.

9 A. He expanded. Correct.

10 Q. And so that's the same tenant that's been there for
11 13 years.

12 A. Correct.

13 Q. And Suite 202, who's the tenant there?

14 A. Dr. De Andrade. He's an oral surgeon.

15 Q. And how --

16 A. He's been with us for -- for probably ten years or
17 if not 11.

18 Q. And Suite 203.

19 A. Suite 203 is a liposculpture. It's a medical group,
20 and they've been with us since 2011.

21 Q. And do you recall how long their lease is?

22 A. Their lease was three years and an -- an extra three
23 year also. Same thing.

24 Q. And Suite 204?

25 A. Deblanc Music.

1 Q. And how long have they been with you?

2 A. Since 2011.

3 Q. And --

4 A. For three years.

5 Q. It's a three-year lease?

6 A. Correct.

7 Q. And does it also have a three-year renewal?

8 A. Yes.

9 Q. Okay. And Suite 205? Who --

10 A. Suite 205 is the new lease that will commence in two
11 weeks for R2H Engineering.

12 Q. And I believe you testified that was a five-year
13 lease; is that correct?

14 A. It is a five-year lease, yes.

15 Q. Okay. And Suite 206, who's the tenant there?

16 A. It's a management group. They -- they run Section
17 8 --

18 Q. Housing?

19 A. Real estate.

20 Q. Oh, okay.

21 A. Yeah. So --

22 Q. And how long have they been a tenant?

23 A. They've been a tenant for three years also.

24 Q. And does their lease contemplate a similar
25 three-year renewal?

1 A. That is correct.

2 Q. Okay.

3 A. If --

4 Q. So as we're looking at the second floor, it looks
5 like it's entirely leased, correct?

6 A. It will be in two weeks.

7 Q. Thank you for that clarification.

8 And most of the tenants have been -- at least a
9 significant portion have been there for ten or more
10 years.

11 Is that also correct?

12 A. That is correct.

13 Q. And the leases that were three-year leases all have
14 three-year renewals in them.

15 Is that also correct?

16 A. Yes.

17 Q. Okay. And on the first floor that we looked
18 through, more than half the building is leased to a
19 tenant that's been there since 2001; is that correct?

20 A. Yes.

21 Q. And the remaining chiropractic group with a
22 three-year lease, was that subject to a three-year
23 renewal as well?

24 A. Yes, it is.

25 Q. Okay. And --

1 A. And they already stated they're coming -- they're
2 staying.

3 Q. And the Madam Et Monsieur, you testified that was a
4 six -- they've been there six or seven years; is that
5 correct?

6 A. Madam Et Monsieur have been there for at least seven
7 if not eight years. They've been with us for a long
8 time.

9 Q. Okay. And Suite 105 again is the lease that you
10 made a business decision to not renew and to get a
11 better tenant given the improvement of the market,
12 correct?

13 A. Correct.

14 Q. Okay. You were involved in preparing the plan
15 projections back in October of 2012, correct?

16 A. Yes, myself and Chet.

17 Q. Okay. And how did you go about preparing those?

18 A. Well, we looked at historical rents and -- and the
19 rates and -- and we also looked at the market and came
20 up with that.

21 Q. Okay. And do you believe that the projections are
22 realistic? Are they something that the debtor is going
23 to be able to achieve?

24 A. Yes. Absolutely.

25 Q. Under the second-amended plan, have you committed

1 I certify that the foregoing is a correct
2 transcript from the electronic sound recording of the
3 proceedings in the above-entitled matter.

4
5
6 /s/ Biljana Dokic

10/08/13

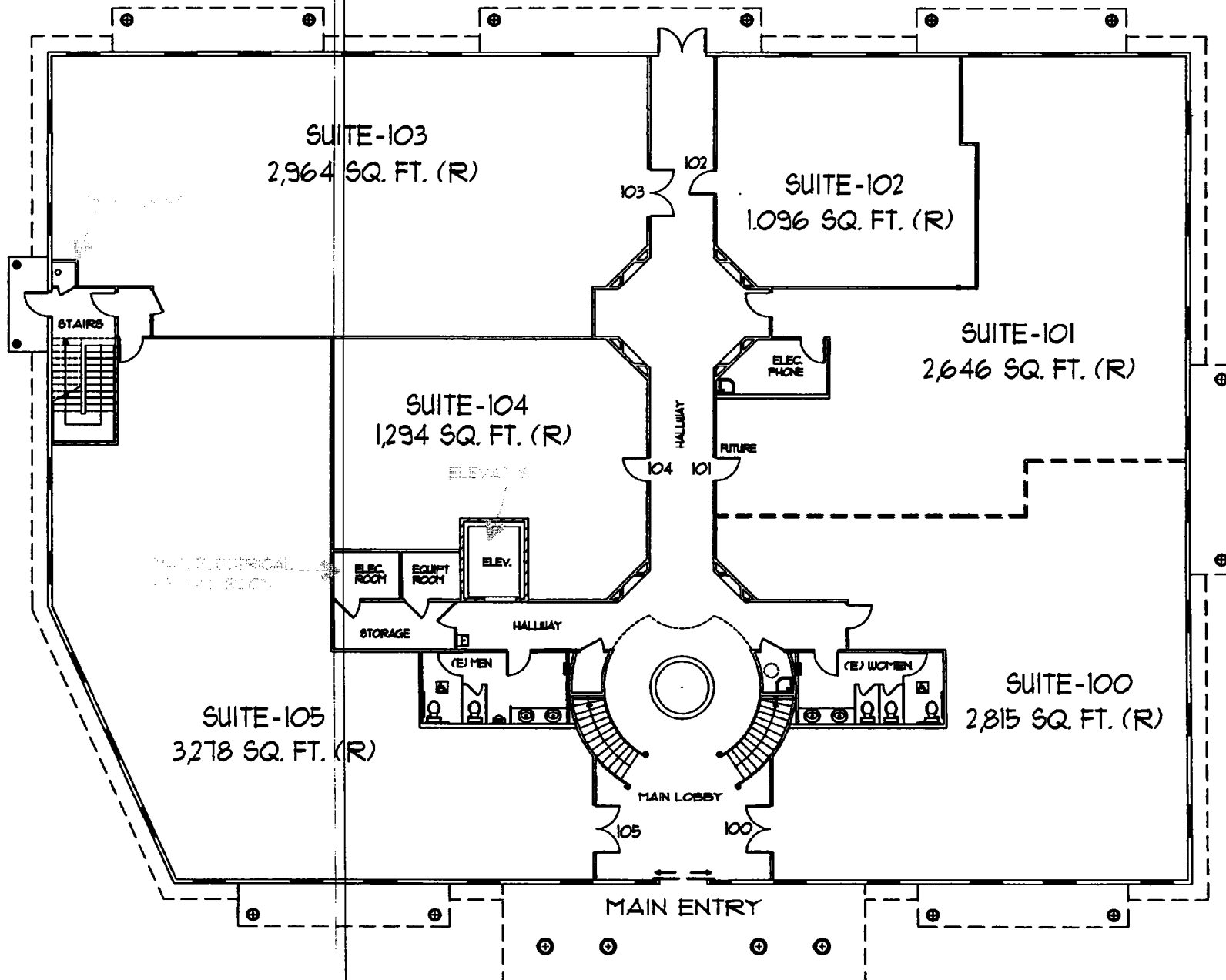
7 Biljana Dokic, Transcriptionist

Date

8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

EXHIBIT 2

EXHIBIT 2



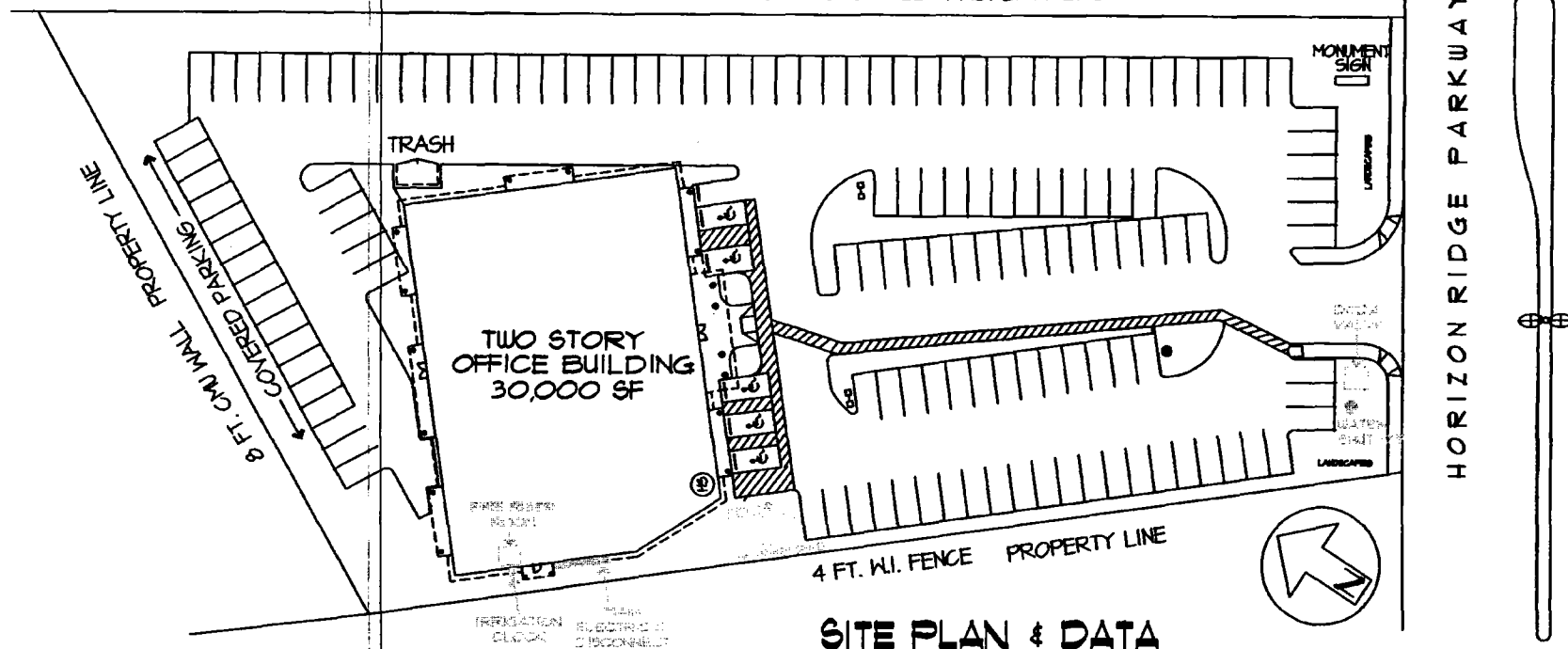
HRMC000764

FIRST FLOOR PLAN - LEASE SPACES
HORIZON RIDGE MEDICAL & CORPORATE CENTER



HORIZON RIDGE MEDICAL & CORPORATE CENTER

8 FT. CMU WALL PROPERTY LINE



SITE PLAN & DATA

ZONE CODE	: CP (COMMERCIAL PROFESSIONAL)	BUILDING HEIGHT	: 35'-0"
APN *	: 177-25-702-024	NO. OF STORIES	: 2
PARCEL MAP NO.	: FILE 14, PAGE 97, BOOK NO. 787	EXITS PROVIDED:	: 3
GOVERNING CODES	: 1997 UNIFORM BUILDING CODE		
JURISDICTION	: CITY OF HENDERSON	<u>PARKING</u>	
OCCUPANCY	: BUSINESS - GROUP B	OPEN PARKING	: 127
CONSTRUCTION TYPE	: V - N	COVERED PARKING	: 14
SPRINKLERS	: YES - 100%	HANDICAP PARKING	: 5
TOTAL SQ. FT. GROSS	: 30,000 SQ. FT.	TOTAL PARKING	: 146
		PARKING RATIO	: 5/1,000 SF.
ACTUAL SF. FT. CALCULATED	: 29,42 SQ. FT.	BUILT - JANUARY 2001	

2610 W. HORIZON RIDGE PKWY, HENDERSON, NEVADA 89052

HRMC000763